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2015R- 140  
**RESOLUTION**  
**of the**  
**CITY OF**  
**MINNEAPOLIS**  
By Goodman

**Authorizing the issuance, sale, and delivery of a Multifamily Mortgage Revenue Note (322 Second Street Apartments, LLP Project), Series 2015; approving the form of and authorizing the execution and delivery of the note, and related documents; providing for the security, rights, and remedies with respect to the note; and granting approval for certain other actions with respect thereto.**

Resolved by The City Council of The City of Minneapolis:

1. **STATUTORY AUTHORIZATION.** The City of Minneapolis is a home rule city, municipal corporation, and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota (the "City"), and is authorized by Minnesota Statutes, Chapter 462C, as amended (the "Housing Act"), to carry out the public purposes described in the Housing Act by issuing revenue bonds or other revenue obligations to finance multifamily housing developments located within the City. In the issuance of the City's revenue bonds and other revenue obligations and in the making of loans to finance multifamily housing developments, the City may exercise, within its corporate limits, any of the powers that the Minnesota Housing Finance Agency may exercise under Minnesota Statutes, Chapter 462A, as amended, without limitation under the provisions of Minnesota Statutes, Chapter 475, as amended.
2. **THE BORROWER AND THE PROJECT.** 322 Second Street Apartments, LLP, a Minnesota limited liability partnership (the "Borrower"), has requested the participation of the City in the financing of the acquisition, construction, and equipping of a 150-unit multifamily rental housing development and facilities functionally related and subordinate thereto, located at 322 Second Street in the City to be owned by the Borrower (the "Project").
3. **THE HOUSING PROGRAM.** A Program for a Multifamily Housing Development (Mill City Quarter Apartments – 322 Second Street Apartments, LLP) (the "Housing Program") with respect to the Project and the proposed issuance of a revenue obligation to finance the Housing Program and the Project was prepared in accordance with the requirements of Section 462C.03, subdivision 1a, of the Housing Act, and is on file with the City. The Housing Program was submitted to the Metropolitan Council for its review and comments in accordance with the requirements of the Housing Act.
4. **PUBLIC HEARING.** The Community Development and Regulatory Services Committee of the Minneapolis City Council, on behalf of the City, held a public hearing on March 24, 2015, with respect to the Housing Program and the proposed issuance of a revenue obligation to finance the Project. The public hearing was conducted at least fifteen (15) days after the publication in a newspaper of general circulation in the City of a notice of such public hearing. Following the public hearing, the Community Development and Regulatory Services Committee approved the Housing Program and the proposed financing of the Project.
5. **THE SERIES 2015 NOTE.** The Borrower has requested that the City issue a Multifamily Housing Revenue Note (322 Second Street Partnership, LLP Project), Series 2015 (the "Note"), in an aggregate principal amount not to exceed \$22,000,000 for the benefit of the Borrower. The



Borrower has requested that the City: (i) sell the Note to Citibank, N.A., a national banking association (the "Funding Lender"), in accordance with the terms and conditions of a Funding Loan Agreement, dated on or after April 1, 2015 (the "Funding Loan Agreement"), by the Funding Lender and the City; and (ii) loan the proceeds derived from the sale of the Note to the Borrower (the "Borrower Loan") in accordance with the terms and conditions of a Borrower Loan Agreement, dated on or after April 1, 2015 (the "Borrower Loan Agreement"), between the City and the Borrower. The Borrower proposes to apply the proceeds of the loan made under the terms of the Borrower Loan Agreement (the "Loan") to the payment of a portion of the costs of the acquisition, construction, and equipping of the Project and related costs.

6. OBLIGATIONS OF THE CITY. The City acknowledges, finds, determines, and declares that the issuance of the Note and the execution and delivery of the Funding Loan Agreement are authorized by the Housing Act and are consistent with the purposes of the Housing Act and that the loan made and obtained under the terms of the Funding Loan Agreement (the "Funding Loan"), the issuance of the Note, and the other actions of the City under the Funding Loan Agreement, the Borrower Loan Agreement, and this resolution constitute a public purpose and are in the interests of the City. In authorizing the Funding Loan and the issuance of the Note for the financing of the Project and related costs, the City's purpose is and the effect thereof will be to promote the public welfare of the City and its residents by providing multifamily housing developments for low or moderate income residents of the City and otherwise furthering the purposes and policies of the Housing Act. The Note will be issued in accordance with the terms and conditions of this resolution and the Funding Loan and the Note and the interest on the Note: (i) shall be payable solely from the revenues pledged therefor under the Funding Loan Agreement and the Borrower Loan Agreement; (ii) shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than the City's interest in the Funding Loan Agreement and the Borrower Loan Agreement; and (v) shall not constitute a general or moral obligation of the City.

7. ISSUANCE OF THE NOTE. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Note in the maximum aggregate principal amount not to exceed \$22,000,000. The Note shall bear interest at the rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such form, shall be secured and payable from such sources and on such terms, and shall have such other terms, details, and provisions as are prescribed in the Note, in the form now on file with the City, with the amendments referenced herein. The City hereby authorizes the Note to be issued as a "tax-exempt bond," the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes (subject to certain limitations). The Note shall be a special, limited obligation of the City payable solely from the revenues, assets, and other security provided by the Borrower and related parties pursuant to the terms of the Funding Loan Agreement and the Borrower Loan Agreement and other documents delivered by the Borrower and related parties to secure the timely payment of the principal of and interest on the Note. The City Council of the City hereby authorizes and directs the Finance Officer to execute the Note and hereby provides that the Note shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Note and the City as set forth therein.

All of the provisions of the Note, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The form of the Note now on file with the City is hereby approved, with such necessary and appropriate variations, omissions, and insertions as the Finance Officer of the City, in his discretion, shall determine (including changes to



the aggregate principal amount of the Note (subject to an aggregate principal amount not to exceed \$22,000,000), the stated maturity of the Note, the interest rate or interest rates on the Note, the terms of the security and the sources of payment for the Note, and the terms of redemption of the Note). The Finance Officer of the City, in his discretion, may determine to issue the Note in multiple maturity amounts or in series. The execution of the Note with the manual or facsimile signature of the Finance Officer and the delivery of the Note by the City shall be conclusive evidence of such determinations.

8. **THE FUNDING LOAN AGREEMENT.** The Finance Officer is hereby authorized and directed to execute and deliver the Funding Loan Agreement. All of the provisions of the Funding Loan Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Funding Loan Agreement shall be substantially in the form on file with the City which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, and as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determinations.

9. **THE BORROWER LOAN AGREEMENT.** The Finance Officer is hereby authorized and directed to execute and deliver the Borrower Loan Agreement. The loan repayments to be made by the Borrower under the Borrower Loan Agreement are to be fixed so as to produce revenues sufficient to pay the principal of, premium, if any, and interest on the Funding Loan and the Note when due. Except for certain reserved rights, the interests of the City in the Borrower Loan Agreement are to be assigned to the Funding Lender in accordance with the terms of the Funding Loan Agreement. All of the provisions of the Borrower Loan Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Borrower Loan Agreement shall be substantially in the form on file with the City which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, and as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determinations.

10. **SECURITY.** The City hereby approves the execution by the Borrower and delivery to the City or the Funding Lender of: (i) a Multifamily Note, to be dated on or after April 1, 2015, from the Borrower to the City and assigned by the City to the Funding Lender in accordance with the terms of an Assignment of Mortgage, dated on or after April 1, 2015 (the "Assignment"), from the City to the Funding Lender; (ii) a Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, dated on or after April 1, 2015, from the Borrower to the City, granting a mortgage lien on the Project to the City and assigned by the City to the Funding Lender in accordance with the terms of the Assignment; (iii) one or more collateral assignments of the contracts between the Borrower and the architect with respect to the Project, the Borrower and the general contractor with respect to the Project, the Borrower and the Manager of the Project, and the rights of the Borrower to fees, equity interests, capital contributions, plans and specifications, and Project documents; (iv) one or more environmental indemnity agreements; (v) a replacement reserve agreement; and (vi) other security documents that are intended to secure timely payment of the Loan and the Note. If required by the Funding Lender, the City hereby approves the execution and delivery by one or more guarantors to the Funding Lender of one or more guaranty agreements under which the obligations of the Borrower under the Borrower Loan Agreement are guaranteed by such guarantors. The City hereby approves a Construction Funding Agreement, between the Borrower, the Funding Lender, and a disbursing agent to be selected by the Borrower and the Funding Lender, to provide for the disbursement of the proceeds of the Funding Loan, the Note, and the Borrower Loan. All such



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security documents shall be substantially in the forms agreed to by the Borrower, the Lender, and the guarantors, if any.

11. **THE REGULATORY AGREEMENT.** To ensure continuing compliance with certain rental and occupancy restrictions imposed by the Housing Act and Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), and to ensure continuing compliance with certain restrictions imposed by the City, the Finance Officer is hereby authorized and directed to execute and deliver a Regulatory Agreement, dated on or after April 1, 2015 (the "Regulatory Agreement"), between the City, the Borrower, and the Funding Lender. The Regulatory Agreement shall be substantially in the form on file with the City which is hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Finance Officer, in his discretion, shall determine, and the execution thereof by the Finance Officer shall be conclusive evidence of such determinations. All of the provisions of the Regulatory Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

12. **OTHER CITY DOCUMENTS.** The Finance Officer is hereby authorized to execute and deliver, on behalf of the City, such other documents and certificates as are necessary or appropriate in connection with the issuance, sale, and delivery of the Note, including: (i) the Assignment; (ii) one or more consents to the assignments of any agreements between the Borrower and any other party; (iii) various certificates of the City; (iv) an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, with respect to the Note; (v) a certificate as to arbitrage and rebate and other tax matters; and (vi) similar documents and all other documents and certificates as the Finance Officer shall deem to be necessary or appropriate in connection with the issuance, sale, and delivery of the Note and the execution and delivery of the Funding Loan Agreement. The City hereby authorizes Kennedy & Graven, Chartered, as bond counsel to the City ("Bond Counsel"), to prepare, execute, and deliver its approving legal opinions with respect to the Funding Loan Agreement, the Note, the Borrower Loan Agreement, and related documents.

13. **DISCLOSURE DOCUMENTS.** The City will not participate in the preparation of any disclosure documents relating to the Funding Loan or the Note (the "Disclosure Documents"), and will make no independent investigation with respect to the information contained in the Disclosure Documents and the City assumes no responsibility for the sufficiency, accuracy, or completeness of such information. As a condition to the execution and delivery of the Funding Loan Agreement, the Note, and the Borrower Loan Agreement, the Finance Officer shall require the receipt from the Funding Lender of an investment letter containing such terms, covenants, representations, and warranties as the Finance Officer, with the advice of the City Attorney and Bond Counsel, shall deem necessary or appropriate.

14. **SUBSEQUENT AMENDMENTS.** On any date subsequent to the date of issuance of the Note and the execution and delivery of the Funding Loan Agreement and the Borrower Loan Agreement, the Finance Officer is hereby authorized to execute and deliver any amendments or supplements to any of the documents referred to in this resolution on behalf of the City if, after review by the City Attorney and Bond Counsel, the Finance Officer determines that the execution and delivery of such amendment or supplement is in the interests of the City. The Finance Officer may impose any terms or conditions on the execution and delivery of any such amendment or supplement as the Finance Officer deems appropriate.

15. **LIMITATIONS OF LIABILITY.** No covenant, stipulation, obligation, or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant,



stipulation, obligation, or agreement of any member of the City Council of the City, or any officer, agent, or employee of the City in that person's individual capacity, and neither the City Council of the City nor any officer or employee executing the Funding Loan Agreement, the Note, the Borrower Loan Agreement, or any document related thereto shall be personally liable with respect to such documents or be subject to any personal liability or accountability by reason of the issuance of the Note or the execution and delivery of the Funding Loan Agreement, the Borrower Loan Agreement, or any related documents. No provision, covenant, or agreement contained in the aforementioned documents, the Note, or in any other document relating to the Note, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to a general or moral obligation of the City or any pecuniary liability of the City (except from the revenues derived by the City from the Borrower Loan Agreement) or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Borrower Loan Agreement, which are to be applied to the payment of the Note, as provided therein.

Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the City, and any holders of the Note issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the City, the Borrower, and the Funding Lender from time to time of the Note issued under the provisions of this resolution.

16. SEVERABILITY. In case any one or more of the provisions of this resolution, other than the provisions limiting the liability of the City, or of the aforementioned documents, or of the Note issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Note, but this resolution, the aforementioned documents, and the Note shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

17. VALIDITY OF THE NOTE. The Note, when executed and delivered, shall contain a recital that it is issued under the terms of the Housing Act, and such recital shall be conclusive evidence of the validity of the Note and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Note, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

18. ADDITIONAL ACTIONS. The officers of the City, the City Attorney, Bond Counsel, other attorneys, engineers, and other agents or employees of the City are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Note, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Note, the Funding Loan Agreement, the Borrower Loan Agreement, the other documents referred to herein, and this resolution.

19. DESIGNATION AS PROGRAM BONDS. The Note is hereby designated a "Program Bond" and is determined to be within the "Economic Development Program" and the "Program," all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 1997R-402 of the City adopted December 12, 1997.



20. FEES AND INDEMNIFICATION. The Borrower has agreed to pay the administrative fees of the City in accordance with the policy and procedures of the City. It is hereby determined that any and all costs incurred by the City in connection with the financing of the Project will be paid by the Borrower. It is understood and agreed by the Borrower that the Borrower shall indemnify the City against all liabilities, losses, damages, costs, and expenses (including attorney's fees and expenses incurred by the City) arising with respect to the Project, the Note, the Funding Loan, or the Borrower Loan, as provided for and agreed to by and between the Borrower and the City in the Loan Agreement.

21. EFFECTIVE DATE. This resolution shall take effect and be in force from and after its approval and publication. Pursuant to Chapter 4, Section 9, of the Charter of the City, only the title of this resolution and a summary of this resolution conforming to Minnesota Statutes, Section 331A.01, subdivision 10, shall be published in the official paper of the City.

Certified as an official action of the City Council: 


RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	ABSTAIN	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	ABSTAIN	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
Reich	X						Glidden	X					
Gordon	X						Cano	X					
Frey	X						Bender	X					
B Johnson	X						Quincy	X					
Yang	X						A Johnson	X					
Warsame	X						Palmisano	X					
Goodman	X												

ADOPTED

APR 03 2015

DATE

ATTEST

  
CITY CLERK



APPROVED



NOT APPROVED



VETOED



MAYOR HODGES

APR 03 2015

DATE